

ST. PETERSBURG CITY COUNCIL
Meeting of August 11, 2016

TO The Honorable Amy Foster, Chair, and Members of City Council

SUBJECT A Resolution by City Council approving an amendment to the FY2016 budget for the Redevelopment Trust Fund of the South St. Petersburg Community Redevelopment Area (Fund 1104) rescinding \$168,505 from "Housing and Neighborhood Revitalization" (Project 15382) and appropriating \$168,505 for transfer to "Business and Workforce Development" (Project 15381).

A Resolution by City Council approving \$170,000 in FY2017 revenue for Fund 1104 to be available subject to future appropriation to provide assistance for renovating the Merriwether Building, a Local Historic Landmark located at 951 22nd Street South.

RECOMMENDATION Administration recommends City Council approve the attached Resolutions.

OVERVIEW

Since the beginning of June 2016, the City has been accepting applications for funding through the South St. Petersburg CRA grant program, which is supported from tax increment financing in the CRA Redevelopment Trust Fund (TIF Fund). The response to this first-ever CRA grant cycle has been considerable with more than \$890,000 in requests for funds divided between the commercial and housing budget categories in the South St. Petersburg CRA Redevelopment TIF Fund. In particular, commercial grant funding requests have been robust, representing nearly \$732,000. As will be illustrated below, these commercial requests exceed by more than \$551,000 the FY2016 budget approved by City Council for the South St. Petersburg Redevelopment Trust Fund. Administration is requesting approval of resolutions that transfers funding within the FY2016 CRA budget as well as approving the reservation of \$170,000 in FY2017 to support renovation of a local historic landmark, which reduces funding obligations from available FY2016 revenue.

FY2016 Budget for the Redevelopment Trust Fund

On February 4, 2016, St. Petersburg City Council approved Resolution 2016-48 adopting the FY2016 budget for the South St. Petersburg TIF Fund 1104. As part of the adoption, City Council agreed to combine the formerly separated budget categories of "Business Development" and "Education, Job Readiness and Workforce Development" into one combined budget category "Business and Workforce Development" (Project 15381). In addition, City Council specified that 60 percent of TIF Fund revenue be spent within Project 15381, and no less than \$48,737 be allocated to education and workforce development. Finally, City Council also approved the

D-213

transfer of \$50,000 from TIF Fund for use in the City's newly established Commercial Revitalization Program, which was approved on February 4, 2016 (Resolution 2016-46). (This is a citywide program but TIF funding must only be used for projects within the CRA.) City Council also specified that 40% of revenue for Fund 1104 be spent within "Housing and Neighborhood Revitalization" (Project 15382). From these actions, the approved project funding allocations are

Project	%	Feb 4 th	**Aug 11 th
FY2016 TIF Revenue for Fund 1104		\$437,370	\$418,163
Business & Workforce Development (Project 15381)	60%	\$242,422	\$230,898
<i>Workforce Development Program</i>		\$50,000	\$50,000
<i>Commercial TIF Programs</i>		\$192,422	\$180,898
Housing & Neighborhood Revitalization (Project 15382)	40%	\$194,948	\$187,265
Total Project Costs for Fund 1104		\$437,370	\$418,163

***Please note that the difference in funding levels between February 4th and August 11th resulted from a lower taxable property value in the final tax roll of March 2016 than the preliminary tax roll from July 2015 on which the estimates for the February 4th City Council action were based.*

2016 South St. Petersburg CRA Grant Cycle

The budget allocations for the Commercial TIF Programs (\$180,898) and Housing and Neighborhood Revitalization Programs (\$187,265) would be used to fund the inaugural South St. Petersburg CRA Grant application cycle designed to facilitate business and multifamily housing investment in the CRA. In late March 2016, City Administration issued a Notice of Funding Availability to the CRA community announcing that the City would begin accepting applications on June 2, 2016, for five CRA TIF Grant programs. These programs, which were approved by City Council on February 4, 2016, (Res. 2016-47) are

- Commercial Site Improvement Grant
- Commercial Building Interior and Tenant Improvement Grant
- Commercial Revitalization Program
- Affordable Multifamily Housing Development Program
- Multifamily Residential Property Improvement Grant

To enable the broadest participation of the CRA community in the application process, Administration undertook an outreach campaign in April and May to market the programs. The effort included e-blasts to ~1,000 CRA business owners and ~400 CRA stakeholders; mailings to commercial and multifamily property owners; holding satellite office hours at the Childs Park YMCA and Enoch Davis Recreation Center weekly in April and May to answer technical questions on the application process; and convening an open forum on April 5, 2016, at Enoch Davis Recreation Center that was attended by more than 150 people. For nearly eight weeks after the open forum, staff met with over 85 potential applicants and answered over 250 phone calls on the program. In addition, Greenhouse staff conducted door-to-door outreach on

priority commercial corridors such as 49th Street, 34th Street, 22nd Street South, 16th Street South and Dr. Martin Luther King, Jr. Street South.

By July 14, 2016, Administration had received nearly sixty applications that were potentially eligible for funding with a total grant request of more than \$890,000. Nearly all of the applications were from businesses seeking to take advantage of commercial grant funding. Only three applications were for the CRA housing programs. The applications break down by program as follows:

Program	#	Approved Budget	Funding Requested	Budget +/-
Commercial TIF Programs	53	\$180,898	\$731,981	(\$551,083)
Housing/Neighborhood Revitalization	3	\$187,265	\$158,760	\$28,505
Totals	56	\$368,163	\$890,741	(\$522,578)

With the high level of demand and limited funding for this first grant cycle, Administration sought a path to fund as many projects as possible. First, Administration reviewed the budgets of all the applications and removed those costs that were ineligible or did not fully implement the relevant program. These included projects such as those focused only on resurfacing parking lots, interior improvements proposed for already operational space, or demolitions of structures that were not part of a larger redevelopment project. Administration also did not fund applications due to code or business tax issues; the applicant had submitted multiple applications and was approved for some CRA funding; or not enough information was submitted to approve the funding request at this time. These applicants will be referred to local financial institutions to explore other financing options.

Secondly, Administration identified project applications that did not require funding out of the FY2016 CRA budget because the proposed work is not expected to be completed for many months. Rather than encumbering funding from FY2016 for these projects - and not fund projects ready to begin construction - they could be funded out of FY2017 TIF Fund revenue for the South St. Petersburg Redevelopment Trust Fund, which will exceed \$1.2 million based on July 1, 2016, estimates from the Pinellas County Property Appraisers Office. The most notable application among these is for the Merriwether Building project (951 22nd Street South), whose owner is seeking \$80,000 in commercial CRA grants and \$90,000 in CRA housing grants to renovate a vacant and boarded Local Historic Landmark. Reserving FY2017 revenue for a FY2016 project would require approval from City Council.

Finally, Administration investigated reallocating surplus funding from Housing and Neighborhood Revitalization, where only one of the three submitted applications will require FY2016 funding, to Business and Workforce Development, where funding requests exceed available revenue by \$551,000. The effect of such a budget reallocation would provide an additional \$168,000 to fund business development projects. City Council must also approve reallocating funding between these two categories.

The net effect of these approaches increases available revenue to fund CRA commercial grant projects from \$180,898 to \$349,343, while decreasing funding obligations from \$731,981 to \$331,502. This yields a \$17,841 surplus, allowing the City to fully or partially fund nearly all of the applicants.

Actions Requested of City Council

In order to maximize funding for the CRA applicants, City Council would need to approve a resolution amending the FY2016 budget for the TIF Trust Fund of the South St. Petersburg Community Redevelopment Area (Fund 1104) rescinding \$168,505 from "Housing and Neighborhood Development" (Project 15382) and appropriating \$168,505 for transfer to "Business and Workforce Development" (Project 15381).

Secondly, City Council would need to approve a resolution approving \$170,000 in FY2017 revenue for the TIF Fund subject to future appropriation to provide assistance for renovating the Merriwether Building. Doing so would remove it from the list of projects to be funded from the FY2016 CRA budget, enable more funding to be dedicated to projects ready for construction, and allow the applicant to seek private financing with a demonstration of significant financial support from City Council. After the beginning of FY2017, City Administration will return to City Council with a signed grant agreement to seek formal approval of the appropriation.

RECOMMENDATION

Administration recommends City Council approve the attached Resolutions.

Attachments: Resolution A: Amending the FY2016-2020 Budget for the South St. Petersburg Redevelopment Trust Fund
 Resolution B: Approving the future use of \$170,000 in FY2017 revenue to assist the renovation of the Merriwether Building (951 22nd Street South)

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF ST. PETERSBURG AMENDING THE FY2016-2020 BUDGET FOR THE REDEVELOPMENT TRUST FUND OF THE SOUTH ST. PETERSBURG COMMUNITY REDEVELOPMENT AREA (FUND 1104) TO RESCIND \$168,505 FROM "HOUSING AND NEIGHBORHOOD REVITALIZATION" (Project 15382) AND APPROPRIATE \$168,505 FOR TRANSFER TO "BUSINESS AND WORKFORCE DEVELOPMENT" (Project 15381); AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of St. Petersburg City Council approved a Community Redevelopment Plan (Plan) for the South St. Petersburg CRA on May 21, 2015 (Ord. #169-H), which included establishment of a tax increment financing district and redevelopment trust fund for the entire 7.4-sq.mi. South St. Petersburg CRA;

WHEREAS, the Pinellas County Board of County Commissioners approved the Plan on June 2, 2015 (Res. #15-48), delegated authority to the City of St. Petersburg to establish a redevelopment trust fund for the entire CRA, and approved on June 23, 2015, Ord. #15-27 establishing a redevelopment trust fund for the entire South St. Petersburg CRA and establishing FY2014 as the base year on which future increments in property values in the CRA will be based;

WHEREAS, at its February 4, 2016, public meeting, the St. Petersburg City Council adopted Resolution 2016-48, which approved the FY2016-2020 Budget for the Redevelopment Trust Fund of the South St. Petersburg Community Redevelopment Area, and a supplemental appropriation for FY2016 in the amount of \$487,369.58 from the unappropriated balance of the South St. Petersburg Redevelopment District (1104) to the General Capital Improvement Fund allocating 60 percent of the revenue to "Business and Workforce Development" (Project 15381), requiring at least \$48,737 be dedicated to workforce development, and allocating 40 percent of revenue to "Housing and Neighborhood Revitalization" (Project 15382);

WHEREAS, on February 4, 2016, City Council also approved the transfer of \$50,000 from Fund 1104 for use in the City's newly established Commercial Revitalization Program, which was approved on February 4, 2016 (Resolution 2016-46), thereby yielding the following funding levels by budget category within Fund 1104:

Business Development and Workforce Development	\$242,422
<i>Workforce Development</i>	\$50,000
<i>Commercial TIF Programs</i>	\$192,422
Housing and Neighborhood Revitalization	\$194,948
Total FY2016 South St. Petersburg TIF Revenue	\$437,370

WHEREAS, the final property tax roll for the South St. Petersburg CRA assessed by the Pinellas County Property Appraisers Office in March 2016 found a small reduction in property values and resulting tax increment financing revenue from the estimates on which Resolution 2016-48 were based, which reduced the FY2016 budget allocations in the following manner:

Business Development and Workforce Development	\$230,898
<i>Workforce Development</i>	\$50,000
<i>Commercial TIF Programs</i>	\$180,898
Housing and Neighborhood Revitalization	\$187,265
Total FY2016 South St. Petersburg TIF Revenue (revised)	\$418,163

WHEREAS, the budget allocations for the Commercial TIF Programs (\$180,898) and Housing and Neighborhood Revitalization Programs (\$187,265) would be used to fund the inaugural South St. Petersburg CRA Grant application cycle designed to facilitate business and multifamily housing investment in the CRA;

WHEREAS, City Administration issued a Notice of Funding Availability in March 2016 to the CRA community announcing that the City would begin accepting applications on June 2, 2016, and by July 2016 received more than \$890,000 in grant requests, including more than \$732,000 in requests for CRA commercial grant funding;

WHEREAS, the CRA commercial grant funding requests exceeded available revenue by more than \$551,000, while requests for CRA housing and neighborhood grant funding left a surplus of \$28,505 against revenue;

WHEREAS, it is the goal of City Administration to fund as many eligible FY2016 CRA grant applications as possible to spur reinvestment and this goal can be effectuated by rescinding \$168,505 from Housing and Neighborhood Revitalization (Project 15382) and transferring it to Business and Workforce Development (Project 15381);

WHEREAS, on August 9, 2016, the Citizen Advisory Committee for the South St. Petersburg CRA voted to **recommend/not recommend** that the St. Petersburg Community Redevelopment Agency recommend City Council approve amendments to the FY2016-2020 budget for the CRA redevelopment trust fund; and

WHEREAS, at its August 11, 2016, public meeting, the St. Petersburg Community Redevelopment Agency recommended that the St. Petersburg City Council approve amendments to the FY2016-2020 budget for the CRA redevelopment trust fund.

NOW, THEREFORE, BE IT RESOLVED, that the St. Petersburg City Council does hereby approve amendments to the FY2016-2020 Budget for the Redevelopment Trust Fund of

the South St. Petersburg Community Redevelopment Area, which rescinds \$168,505 from "Housing and Neighborhood Revitalization" (Project 15382) and appropriates \$168,505 for transfer to "Business and Workforce Development" (Project 15381) resulting in the following funding levels for each budget category.

Business Development and Workforce Development	\$399,403
<i>Workforce Development</i>	\$50,000
<i>Commercial TIF Programs</i>	\$349,403
Housing and Neighborhood Revitalization	\$18,760
Total FY2016 South St. Petersburg TIF Revenue	\$418,163


NOW, THEREFORE, BE IT FURTHER RESOLVED, that any revisions to the above funding allocation by category will require approval by City Council.

This resolution shall become effective immediately upon its adoption.

Passed by St. Petersburg City Council in regular session on the 11th day of August, 2016.

APPROVED AS TO FORM AND CONTENT:

APPROVED BY:



City Attorney (Designee)



Dave Goodwin, Director
Planning and Economic Development



Tom Greene, Director
Budget & Management